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ABSTRACT

This publication explains what federal student financial aid is and the types of student aid that are available. The introduction, "Student Aid at a Glance," presents information about what student aid is, who gets it, and how to get it. The second section discusses "Finding Out about Student Aid." The next section provides general information about student aid, including eligibility, need, the application process, and other details. The fourth section describes the types of student aid available, and the final section outlines student borrower rights and responsibilities. A glossary of "Important Terms" is included. (SLD)

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# The Student Guide

## *Financial Aid from the U.S. Department of Education*

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FEDERAL STUDENT AID

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## *Frequently Requested Telephone Numbers*

General information about the federal student aid programs, assistance in completing the *Free Application for Federal Student Aid* (FAFSA), and information and technical assistance for *FAFSA on the Web* are available through the Federal Student Aid Information Center ..... **1-800-4-FED-AID** (1-800-433-3243)[1]

Callers in locations without access to 800 numbers may call .... **1-319-337-5665**[1] *(this is not a toll free number)*

Number for TTY users to call with federal student aid questions ..... **1-800-730-8913**

To report fraud, waste, or abuse involving federal student aid funds..... **1-800-MIS-USED** (1-800-647-8733)

Information on the Direct Consolidation Loan Program ..... **1-800-557-7392**

TTY number for Direct Consolidation Loan information ..... **1-800-557-7395**

## *Useful Web Sites*

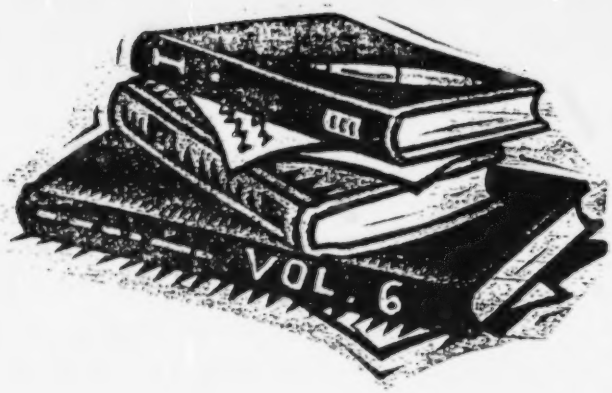
To find more information on federal student aid, access *FAFSA on the Web*, obtain a PIN (a number needed to apply for federal student aid), access *The Student Guide* and other federal student aid publications (in English and Spanish), find federal government resources for education, look up the status of your federal student loan, and obtain other useful information ..... **www.studentaid.ed.gov**

Help completing the FAFSA ..... **www.ed.gov/prog_info/SFA/FAFSA**

Direct Loan Web site..... **www.ed.gov/DirectLoan**

U.S. Department of Labor *Occupational Outlook Handbook* (information on various careers and their potential earnings) ..... **www.bls.gov/oco**

[1]*For additional information on help you can get from the Federal Student Aid Information Center, see page 12.*

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## The Student Guide is free.

If you paid for a copy of this publication, please write to the following address and give us the name and address of the organization that charged you.

*Federal Student Aid Information Center*
*P.O. Box 84*
*Washington, DC 20044-0084*

The English and Spanish versions of *The Student Guide* are also available free online at *www.ed.gov/prog_info/SFA*

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# Federal Student Aid at a Glance

THIS GUIDE EXPLAINS student financial aid programs the U.S. Department of Education's Federal Student Aid (FSA) office administers. These first few pages summarize this aid and the process involved. The rest of the publication discusses in detail what you need to know.

Approximately two-thirds of all student financial aid comes from the federal programs you'll read about here. For additional sources of financial aid, other than the federal government, talk to the financial aid administrator at the school you plan to attend. Also, visit the library and check out the Internet, in both cases searching under "financial aid" and "student aid."

Beware of scams and services that will search for financial aid money for you for a fee. There is a law that protects you from this type of fraud (see page 4 for more information).

Applying for student aid is *free;* that's why the application you'll use is called the *Free Application for Federal Student Aid* (FAFSA). You'll read more about how to apply later, but if you need help completing the FAFSA, you can get that help free, too. You don't have to pay for assistance.

### WHAT is federal student aid?

*NOTE: You'll encounter terminology that's new to you but is frequently used in financial aid. These words appear in* ***boldface*** *type with an asterisk (*), and you'll find a description of them in the Important Terms section of the Guide (page 33). Because there are also acronyms you're unfamiliar with, we spell them out in each chapter.*

Federal student aid is financial help if you're enrolled in an **eligible program*** at a school participating in our federal student aid programs. (By "school," we mean a four-year or two-year public or private educational institution, a career school, or a trade school.) Aid covers school expenses, including tuition and fees, room and board, books and supplies, and transportation. Most federal aid is need-based. The three most common types of aid are grants, loans, and work-study.

**GRANTS**...financial aid that does not have to be repaid. Generally, grants are for undergraduate students, and the grant amount is based on need, **cost of attendance***, and enrollment status.

Federal Pell Grants for the 2002-2003 school year ranged from $400 to $4,000. At the time this Guide was published, the maximum grant amount for 2003-2004 had not been determined.

Federal Supplemental Educational Opportunity Grants (FSEOG) range from $100 to $4,000.

**WORK-STUDY**...lets students earn money while enrolled in school to help pay for education expenses.

**LOANS**...borrowed money that must be repaid with interest. Both undergraduate and graduate students may borrow money. Parents may also borrow to pay education expenses for dependent undergraduate students. Maximum loan amounts depend on the student's year in school.

**Federal Stafford Loans** are made to students and PLUS loans are made to parents through two loan programs.

- William D. Ford Federal Direct Loan (Direct Loan) Program: Eligible students and parents borrow directly from the federal government at participating schools. Direct Loans consist of Direct Stafford Loans, Direct PLUS Loans, and Direct Consolidation Loans.
- Federal Family Education Loan (FFEL) Program: Private lenders provide federally guaranteed funds. FFELs consist of FFEL Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans.

**Perkins Loans** are offered by participating schools to students that demonstrate the greatest need.

*NOTE: Not all schools participate in all Federal Student Aid programs. Ask your school's financial aid administrator which programs are available.*

### WHO gets federal student aid?

Some of the requirements (a complete list is available on page 5) to receive aid from the U.S. Department of Education's FSA programs are that you must

- be a U.S. citizen or **eligible noncitizen*** with a valid Social Security Number;
- have a high school diploma or a **General Education Development (GED)*** certificate or pass an approved ability-to-benefit (ATB) test;
- enroll in an **eligible program*** as a **regular student*** seeking a degree or certificate; and
- register (or have registered) with the Selective Service if you're a male between 18 and 25.

*See "Important Terms," page 33.

### HOW do you apply for federal student aid?

**1. Complete the *Free Application for Federal Student Aid* (FAFSA).**
You have to submit your complete, correct FAFSA by June 30, 2004, but be sure to check the deadlines for state aid that the FAFSA lists. You might have to submit your FAFSA sooner than June 30; schools and states often set deadlines early in the calendar year that students must meet to receive certain types of funds. Apply as early as you can; you don't want to miss out on other aid!

You can get a FAFSA

- online at ***www.studentaid.ed.gov;***
- from a high school guidance office;
- from a college financial aid office;
- from a local public library; *or*
- from the Federal Student Aid Information Center at **1-800-4-FED-AID** (1-800-433-3243)

**2. Review your *Student Aid Report* (SAR).**
One to four weeks after you submit your FAFSA, we'll send you a SAR (or a SAR Information Acknowledgement if you applied via the Internet). The SAR confirms the information reported on your FAFSA and will list your Expected Family Contribution (EFC)—see page 6. The EFC is an index of need that your financial aid administrator will use to determine the amount of federal student aid you qualify for.

**3. Contact the school(s) you may attend.**
Talk with the financial aid administrators at the schools you're interested in attending. They'll review your SAR and prepare a letter outlining the amount of aid (from all sources) that their schools will offer you.

## Federal Student Aid Summary

The following is a summary of Federal Student Aid programs that will help you pay for school. Check with your school to find out which programs your school participates in.

| | Federal Student Aid Program | Type of Aid | Other Information | Annual Award Limits | Disbursement |
|---|---|---|---|---|---|
| | **Federal Pell Grant** | Grant: does not have to be repaid | Available to undergraduates only | Up to $4,000 for 2002-2003 | School acts as the U.S. Department of Education's agent |
| Campus-Based Aid Programs | **Federal Supplemental Educational Opportunity Grant (FSEOG)** | Grant: does not have to be repaid | Not all schools participate in all Campus-Based Programs; for undergraduates only | Up to $4,000 | School disburses funds to students |
| Campus-Based Aid Programs | **Federal Work-Study** | Money is earned; does not have to be repaid | Not all schools participate in all Campus-Based Programs; for undergraduate and graduate students | No annual maximum | School disburses earned funds to students |
| Campus-Based Aid Programs | **Federal Perkins Loan** | Loan: must be repaid | Not all schools participate in all Campus-Based Programs; for undergraduate and graduate students | $4,000 for undergraduate students; $6,000 for graduate students | School disburses funds to students |
| Direct Loan and FFEL Programs | **Subsidized Stafford Loan** | Loan: must be repaid | The Department of Education pays interest while the student is in school and during grace and deferment periods | $2,625 to $18,500, depending on grade level | Direct Loans: The federal government provides funds to schools to disburse to students; FFEL: Private lenders provide funds to schools to disburse to students |
| Direct Loan and FFEL Programs | **Unsubsidized Stafford Loan** | Loan: must be repaid | The borrower is responsible for interest during the life of the loan | $2,625 to $18,500, depending on grade level | Same as above |
| Direct Loan and FFEL Programs | **PLUS Loan** | Loan: must be repaid | Available to parents of dependent undergraduate students | Cost of attendance minus any other financial aid received | Same as above |



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# Finding Out About Student Aid

*THE STUDENT GUIDE* TELLS you about federal student aid programs and how to apply for them. After reviewing this publication, if you still have questions about these programs, call **1-800-4-FED-AID** (1-800-433-3243). Or, you can go online to ***www.studentaid.ed.gov***. This is the Department's newly designed Web site that provides comprehensive information on the student aid process and links to other student aid-related sites.

The cost of education or training after high school continues to rise. But postsecondary education is more important than ever, so you need to learn about as many sources of aid as you can. The following *free* resources can help you find out about federal and other student aid:

- The financial aid administrator at each school you're interested in can tell you what aid programs are available at the school and how much the total **cost of attendance*** will be.
- The state higher education agency in your home state can give you information about state aid—including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, funded jointly by states and the U.S. Department of Education.
- The AmeriCorps Program provides full-time educational awards in return for work in community service. You can work before, during, or after your postsecondary education, and you can use the funds either to pay current educational expenses or to repay federal student loans. For more information, call **1-800-942-2677**. The TTY number is 202-565-2799. Information is also available through the Internet at ***www.americorps.org***.
- The agency in your state responsible for public elementary and secondary schools can give you information on the Robert C. Byrd Honors Scholarship (Byrd) Program. To qualify for aid under the Byrd Program, you must demonstrate outstanding academic achievement and show promise of continued academic excellence. You can find a list of telephone numbers for state agencies on the inside back cover of this publication.
- ***Students.gov***, the student Internet gateway to the U.S. government, provides access to government resources to help you plan and pay for your education. ***Students.gov*** is a federal initiative designed to make interacting with the government easier. Besides finding financial aid information, you can use the Web site to file your taxes, search for a job, and take advantage of other government services.
- Public libraries are excellent sources of information on state and private sources of aid.
- Many companies and labor unions have programs to help pay the cost of postsecondary education for employees and/or their children.
- Sources of financial aid also include foundations, religious organizations, fraternities or sororities, and town or city clubs. Include community organizations and civic groups such as the American Legion, YMCA, 4-H Club, Elks, Kiwanis, Jaycees, and the Girl or Boy Scouts in your search.
- Don't overlook aid from organizations connected with your field of interest. For example, the American Medical Association and the American Bar Association are good sources for students seeking specialization in those fields.
- The U.S. Armed Forces also offer financial aid opportunities. For example, all branches of the U.S. Armed Forces offer the Reserve Officers Training Corps (ROTC) Program, which is a federal merit-based scholarship program that will pay for your tuition, fees, and books and provide you with a monthly allowance. The U.S. Army also offers a student loan repayment enlistment incentive through the Army's student loan repayment program for new recruits who have already attended college and accumulated debt. In return for a three-year enlistment, the Army will repay up to $65,000 on specific

*See "Important Terms," page 33.

federally guaranteed loans to qualified applicants. For more information, contact your local recruiter. For more information on recruitment incentives the U.S. Armed Forces offers, visit the U.S. Department of Defense (DOD) Defenselink Web site at ***www.todaysmilitary.com***. At the site, click on "Smart Choice," then click on "College Preparation."

- If you (or your spouse) are a veteran or the dependent of a veteran, veterans' educational benefits may be available. Check with your local U.S. Department of Veterans Affairs office. Information is also available through the Internet at ***www.gibill.va.gov***.
- Two federal income tax credits—dollar-for-dollar reductions in tax liability—are available for higher education expenses. The Hope tax credit, worth up to $1,500 per student, is available to first- and second-year students enrolled at least **half time.*** The Lifetime Learning tax credit is a tax benefit equal to 20 percent of a family's tuition expenses, up to $5,000, for virtually any postsecondary education and training, including subsequent undergraduate years, graduate and professional schools, and even less than **half time*** study. For more information on the Hope and Lifetime Learning tax credits, and other tax benefits for postsecondary students, call the IRS at **1-800-829-1040**. TTY callers can call 1-800-829-4059. IRS Publication 970, *Tax Benefits for Higher Education*, also explains these credits and other tax benefits.
- The Internet also has information on private sources of aid. Search under the keywords "financial aid," "student aid," "scholarships," etc.

## Scholarship Scams

Be careful when searching for information on student financial assistance. Make sure information and offers are legitimate. Don't fall prey to fraud. Estimates show that families lose millions of dollars to scholarship fraud every year.

The College Scholarship Fraud Prevention Act enhances protection against fraud in student financial assistance. The Federal Trade Commission (FTC) cautions students to look for these telltale lines:

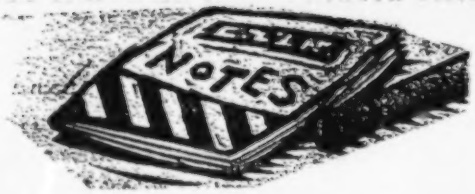
- "The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "We'll do all the work."
- "The scholarship will cost some money."
- "You've been selected by a 'national foundation' to receive a scholarship" or "You're a finalist" in a contest you never entered.

To file a complaint, or for free information, call **1-877-FTC-HELP** (1-877-382-4357) or visit ***www.ftc.gov/scholarshipscams***



*See "Important Terms," page 33.

# General Information




## *Student Eligibility*

TO RECEIVE AID from any of the federal student aid programs discussed in this publication, you must meet *all* of the following criteria:

- demonstrate financial need, except for some loan programs.
- have a high school diploma or a **General Education Development (GED) Certificate,*** pass a test approved by the U.S. Department of Education, meet other standards your state establishes that are approved by the U.S. Department of Education, or complete a high school education in a home school setting that is treated as a home school or private school under state law. See your financial aid administrator for more information.
- be enrolled or accepted for enrollment as a **regular student*** working toward a degree or certificate in an **eligible program.*** (You may not receive aid for correspondence or telecommunications courses unless they are part of an associate, bachelor's, or graduate degree program.)
- be a U.S. citizen or **eligible noncitizen.***
- have a valid Social Security Number (unless you're from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau). If you need a Social Security Number, you can find out more about applying for one through the Internet at ***www.ssa.gov***.
- meet **satisfactory academic progress*** standards set by the postsecondary school you are or will be attending.
- certify that you will use federal student aid only for educational purposes.
- certify that you are not in **default*** on a federal student loan and that you do not owe money on a federal student grant.
- comply with the **Selective Service registration,*** if required. If you're a male aged 18 through 25, and you haven't yet registered, you can give the Selective Service permission to register you by checking a box on the FAFSA. You can also register through the Internet at ***www.sss.gov***.

The law suspends aid eligibility for students convicted under federal or state law of sale or possession of illegal drugs. The period of ineligibility varies and depends on whether the conviction was for sale or possession, and whether the student had previous offenses. The student regains eligibility when the period of suspension ends, or in some cases, only when the student completes an acceptable drug rehabilitation program. If you have a conviction or convictions for these offenses, call **1-800-4-FED-AID** (1-800-433-3243) to find out how, or if, this law applies to you. Even if you're ineligible for federal aid, you should complete the FAFSA and answer Question 35 because schools use this information in awarding nonfederal aid. If you leave Question 35 of the FAFSA blank, you will automatically become ineligible for federal student aid.

Incarcerated persons have limited eligibility for federal student aid. An incarcerated person is eligible for a Pell Grant *only* if he or she is incarcerated in a nonfederal or nonstate penal institution, such as a local or county jail.

When you apply for aid from the FSA programs, the U. S. Department of Education verifies some of your information with the following federal agencies:

- Social Security Administration (for verification of Social Security Numbers and U.S. citizenship status)
- Selective Service System (for verification of **Selective Service registration*** status, if applicable)
- U.S. Immigration and Naturalization Service (for verification of **eligible noncitizen*** status, if applicable)
- U.S. Department of Justice (for verification that an applicant has not been denied federal student aid by the courts as the result of a drug-related conviction)
- U.S. Department of Veterans Affairs (for verification of veteran status, if applicable)

*See "Important Terms," page 33.

## Financial Need

Aid from most of the programs discussed in this publication is awarded on the basis of financial need (except for unsubsidized Stafford and PLUS loans—see page 18).

When you apply for federal student aid, the information you report on the FAFSA is used to calculate your Expected Family Contribution (EFC). The formula used to calculate your EFC is established by law and is used to measure your family's financial strength based on their income and assets. The EFC is used to determine your eligibility for federal student aid.

If your EFC is below a certain amount, you'll be eligible for a Federal Pell Grant, assuming you meet all other eligibility requirements (see page 5). There isn't a maximum EFC that defines eligibility for the other financial aid programs (see pages 13 through 28 for information on these programs). Instead, your EFC is used in the following equation to determine your financial need:

***Cost of Attendance**** <br>
***– Expected Family Contribution*** <br>
***=Financial Need***

Your financial aid administrator calculates your **cost of attendance*** and subtracts the EFC. If there's anything left over, you're considered to have financial need.

*NOTE:* ***The financial aid administrator puts together a financial aid package* that comes as close as possible to meeting your need. However, because funds are limited, the total amount awarded to you might fall short of the amount you're eligible for. Also, except for Federal Pell Grant aid, the amount of federal student aid you receive is affected by other sources of aid you might get—scholarships, state aid, etc.***

Your financial aid administrator can adjust data used to calculate your EFC or adjust your **cost of attendance*** if he or she believes your family's financial circumstances warrant it based on the documentation you provide. However, the financial aid administrator does not *have* to make such an adjustment. For more information on special circumstances, see page 11.

You can get worksheets that show how the EFC is calculated by downloading them from our Web site at ***www.ifap.ed.gov***. At the site, under "FSA Library," click on "Current Publications by Title." Then click on "E" in the alphabet list across the top of the page. Then go to "EFC Formula Information."

You can also get the worksheets by contacting the Federal Student Aid Information Center at the address or phone number given on page 12.

## Dependency Status

When you apply for federal student aid, your answers to certain questions will determine whether you're considered dependent on your parents or independent. If you're considered dependent, your parents' income and assets as well as your own must be reported on the FAFSA. If you're independent, you'll report only your own income and assets (and those of your spouse, if you're married). Not living with your parents does not necessarily classify you as independent.

Students are classified as dependent or independent because federal student aid programs are based on the principle that students (and their parents or spouse, if applicable) are considered the primary source of support for postsecondary education.



*See "Important Terms," page 33.

For the 2003-2004 academic year, you're an independent student if at least one of the following applies to you:

- you were born before January 1, 1980;
- you're married;
- you are or will be enrolled in a master's or doctoral program (beyond a bachelor's degree) during the 2003-2004 school year;
- you have children who receive more than half their support from you;
- you have dependents (other than your children or spouse) who live with you and who receive more than half their support from you and will continue to receive more than half their support from you through June 30, 2004;
- you're an orphan or ward of the court (or were a ward of the court until age 18); or
- you're a veteran of the U.S. Armed Forces ("veteran" includes students who attended a U.S. service academy and who were released under a condition other than dishonorable).

In unusual cases, an aid administrator can determine that a student who doesn't meet the above criteria should still be treated as an independent student. The financial aid administrator can change your dependency status if he or she thinks circumstances warrant it based on the documentation you provide. But remember, the aid administrator won't automatically do this. **The decision is based on the aid administrator's judgment and is final—it can't be appealed to the U.S. Department of Education.**

# Applying

### How do I apply?

If you applied for federal student aid for the 2002-2003 school year, you probably will be able to file a 2003-2004 Renewal FAFSA. Renewal FAFSAs are discussed on page 8.

If you didn't apply for federal student aid for the 2002-2003 school year, you can apply for the 2003-2004 school year by completing and submitting the 2003-2004 FAFSA. You can apply through the Internet, using *FAFSA on the Web*, or you can complete a paper FAFSA.

***FAFSA on the Web.*** With this method, you can complete a FAFSA online and submit it via the Internet. You can access *FAFSA on the Web* (on a computer equipped with Internet capability) through the same Department Web site where you can get general student aid information: ***www.studentaid.ed.gov***. At the site, click on the FAFSA logo in the left column.

If you can, you should use *FAFSA on the Web* because if you file electronically, the software immediately identifies potential errors and allows for on-the-spot correction. Plus, once you transmit it, your information goes right into the U.S. Department of Education's Central Processing System (CPS). The CPS will process your application in one to five days, provided you (and your parents, if applicable) have provided electronic signatures (see the PIN discussion below).

**Mailing a paper FAFSA.** To apply by completing a paper FAFSA, you can get one from your high school, local library, postsecondary school, or from the Federal Student Aid Information Center at the address or phone number given on page 12. Complete the application and mail it in the pre-addressed envelope that's in your FAFSA packet. Or, before mailing it, you could check to see if your school, or a school that interests you, offers the option of submitting your FAFSA information electronically (which is different from you submitting it over the Internet).

### What is a PIN, and who gets it?

A PIN is an electronic access code number that serves as an identifier. A PIN lets you access your personal federal student aid information online in various U.S. Department of Education systems. It works much like the personal identification number you get from your bank. Whether you complete a paper FAFSA or file an application using *FAFSA on the Web*, you can get a PIN. The process for getting and using a PIN is described on the next page.

If you fill out a FAFSA using *FAFSA on the Web*, having a PIN allows you (*and* your parents, if they have a PIN and you're a dependent student) to "sign" your FAFSA electronically, which means the student aid process can be completed totally online. Your electronic signature holds the same legal status as a written signature, so don't give out your PIN to anyone. Once you get a PIN, you should remember it, because you use the same PIN in the future to apply electronically for student aid and to access your U.S. Department of Education records.

*FAFSA on the Web* filers who are new applicants should request a PIN through ***www.studentaid.ed.gov***. At the site, click on "Apply for PIN," right under "My FSA" in the left column.

You should get a PIN before completing *FAFSA on the Web*, so you (and your parents, if applicable) can electronically sign your application *at the time you submit it*. You can request a PIN, and your parents can request their own PIN, *anytime* before you complete the FAFSA. If you don't request a PIN, you can always print out, sign, and mail in a signature page, but the application process will take longer.

When requesting a PIN, you'll need to provide your name, Social Security Number, date of birth, and mailing address, and submit your request. After that information has been verified with the Social Security Administration's records, a PIN will be generated. If you provide an e-mail address, you'll get an e-mail response that contains a link to your PIN so you can get it quickly, through the Internet. If you don't provide an e-mail address, you'll get your PIN through regular mail.

Even if you file electronically and don't request a PIN, or even if you file a paper FAFSA, you'll receive a PIN if the personal data mentioned above matches the Social Security Administration's records. A PIN has other uses besides just signing an application electronically. So, whether you're a paper or an electronic filer, you can use your PIN to

- access your Student Aid Report (SAR), which is your processed FAFSA data;
- make corrections to your application information;
- electronically sign a master **promissory note***;
- complete your Renewal FAFSA (see below); and
- access your applicant data records online. You can, among other things, check your student loan history through the U.S. Department of Education's National Student Loan Data System (NSLDS)—see page 32—and access your Direct Loan account through Direct Loan Servicing.

If you file for 2003-2004 using a paper FAFSA, you can use your PIN to apply for federal student aid electronically in 2004-2005, if you choose.

### What if I have questions about the PIN?

You can get answers about the PIN process by going to ***www.studentaid.ed.gov***. At the site, click on "Apply for PIN" in the left column, right below "My FSA." Or, you can call the Federal Student Aid Information Center at **1-800-4-FED-AID**.

### Can I request a PIN from the Federal Student Aid Information Center?

No, you can only request a PIN by going online.

### I applied for federal student aid in 2002-2003. Can I use a Renewal FAFSA?

Yes. Using a Renewal FAFSA means you'll have fewer questions to answer than if you applied with a new application, because most of the Renewal form will be filled in already with information you provided on your 2002-2003 FAFSA. You'll only have to update any information that has changed since 2002-2003 and fill in a few answers.

If you applied for federal student aid electronically in 2002-2003, you'll get a reminder, either through regular mail or e-mail (depending on whether you provided your e-mail address) that it's time for you to reapply. The reminder will include your PIN, which you'll use to go online to complete your *Renewal FAFSA on the Web* and sign it electronically. (See page 7 for more on the PIN.)

If you applied using a paper FAFSA in 2002-2003, usually you'll receive a paper Renewal FAFSA for 2003-2004. If so, review the pre-printed information on the Renewal FAFSA, add what needs to be

filled in or changed, sign it, and mail it. In some cases, instead of a paper Renewal FAFSA, students will receive a reminder notice containing a PIN. You'll get this if (1) you used the Web to make corrections in 2002-2003, (2) your school requests that you receive a PIN, or (3) you're a graduate or fifth- year undergraduate student. If you get a PIN, use it to access the *Renewal FAFSA on the Web*, complete it online, and sign it electronically.

You'll receive either the paper Renewal FAFSA or the reminder notice containing your PIN in November or December 2002, but you *cannot* submit your application (whether it's paper or electronic) before January 1, 2003 (see page 10).

Check with your financial aid administrator if you have questions about the Renewal FAFSA or contact the Federal Student Aid Information Center at the address or toll-free number listed on page 12.

### What information do I need to complete a FAFSA accurately?

First, read the instructions carefully! Most mistakes are made because applicants don't follow instructions.

If you apply using *FAFSA on the Web*, you can print a pre-application worksheet if you want to practice filling out the form before you submit your information online. Filling out the worksheet can help you see what information you need and help you provide the correct, complete data. The pre-application worksheet follows the order of the questions as they are presented on the Web (the order is somewhat different from that on the paper FAFSA). The worksheet will also reference the question numbers as they appear on the paper FAFSA, however.

When you fill out your application, pay special attention to questions on income; most errors occur in this area. When you apply, you should have the 2002 tax return on hand.[1] You'll need to refer to your tax return, your parents' return (if you're a dependent student—see page 6), and your spouse's return (if you're married and your spouse filed a separate return). Referring to the tax form will make it easier to answer the questions when you apply. Other records such as W-2 forms and bank statements also will be useful.

You might not have to report certain asset or income information on your FAFSA if you (and your parents, if you're a dependent student) don't have income over a certain amount *and* filed, or were eligible to file, a 1040A or 1040EZ (that is, not required to file a 1040). The paper or electronic FAFSA will provide instructions to determine if you qualify. Note that even if you do qualify, some states and schools require this information anyway. Check with the schools you're interested in.

You should save all records and all other materials used in completing the application because you might need them later to prove the information you reported is correct. The process of proving your information is correct is called **verification**. If verification is required, and you don't provide the proof your school requests, you won't receive aid from FSA programs, and you might not receive aid from other sources.

You should photocopy your application (or print out a copy of your *FAFSA on the Web* application) so you'll have a copy for your own records.

### What if I need help filling out my application?

If you apply using *FAFSA on the Web*, help is built into the program.

You can also go to ***www.ed.gov/prog_info/FSA/FAFSA***

You can also contact the Federal Student Aid Information Center with questions on either the paper or electronic FAFSA (see page 12 for contact information). Or, contact your school's financial aid office. **Remember, you can get the help you need for free from one of these sources; you don't have to pay for assistance.**

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[1] *Note that if you (or your parents, if you're a dependent student) are eligible for the Earned Income Credit, make sure you get it by filing a tax return. Also, you'll have an accurate record of your earnings.*

### Will I need to fill out forms in addition to the FAFSA to receive aid?

For most of the federal student aid programs, the FAFSA (or Renewal FAFSA) is the only form you need to file. To receive a PLUS Loan, your parents will have to complete different forms (see page 24).

Remember, applying for federal student aid is *free*.

To be considered for nonfederal aid such as institutional aid (aid from the school), you might have to fill out additional nonfederal forms. Check with your school. Be sure to ask about any deadlines.

### When do I apply for federal aid?

Apply as soon **AFTER January 1, 2003,** as possible. (If you apply before this date, your application will be rejected, so do not sign [in print or electronic format], date, or send your application before January 1.) If you want to apply through *FAFSA on the Web*, you can apply beginning January 2, 2003. It's easier to complete the application when you already have a completed 2002 income tax return (see page 9), so you might want to complete your tax return as early as possible.

If you use a paper FAFSA, send your completed application in the envelope provided. It's already addressed, so your application will automatically reach the correct place.

*NOTE:* ***You must reapply for federal student aid every year. Also, if you change schools, your aid doesn't automatically go with you. Check with your new school to find out what steps you must take to continue receiving aid.***

### How do I know if my application has been received?

If it's been more than four weeks since you submitted your application and you haven't heard anything, you can check on your application through the *FAFSA on the Web* site, even if you didn't apply using *FAFSA on the Web*. You can also check by contacting the Federal Student Aid Information Center at the address or toll-free number listed on page 12.

If you want confirmation that your paper application was received, send in the postcard that comes with the paper FAFSA. Just fill in the required information, attach a stamp, and mail it along with the FAFSA. When the FAFSA processor receives your application, the postcard will be stamped with the date it's received and mailed back to you for your files. If you don't hear anything within four weeks of the date stamped on the postcard, contact the Federal Student Aid Information Center and refer to the date stamped on the postcard.

### What happens after I apply?

After the Department's processing system receives your completed application, generally you'll receive a Student Aid Report (SAR), if you applied using the paper FAFSA, or a SAR Information Acknowledgement if you applied electronically. If you provided your e-mail address on your paper or electronic FAFSA, however, you'll instead get back an e-mail that contains a secure link so you can access your SAR data on the Web. You'll get this e-mail in one to five days provided you (and your parents, if applicable) signed your application at the time you applied. If you don't have or provide an e-mail address, you'll get a SAR within four weeks or a SAR Information Acknowledgement within two weeks.

Your SAR or SAR Information Acknowledgement will list all the information you reported on your FAFSA. If there are no questions or requirements for additional information, your SAR will contain your Expected Family Contribution (EFC), the number used in determining your eligibility for federal student aid. (See page 6.) Your EFC will appear in the upper right-hand portion of your SAR. Whether you apply electronically or with a paper form, the Department will send your data electronically to the schools you list on the FAFSA.

### What do I do with my SAR?

You must review it carefully to make sure it's correct and complete. If it is, and it contains your Expected Family Contribution (EFC), your school will use your SAR as the basis to pay you federal student aid funds.

If you need to make corrections, you can make them in a number of ways.

- You can make corrections online through the Department of Education's *FAFSA on the Web* site, even if you didn't apply using *FAFSA on the Web*.
- Your school might be able to submit the corrections electronically.
- You can make corrections on the paper SAR (if that's what you received) and return it to the address provided. If you don't have a copy of your SAR, you can request one from the Federal Student Aid Information Center at the address or toll-free number on page 12. (If you send a written request for a duplicate SAR, make sure you include your full name, permanent address, Social Security Number, date of birth, the school year for which you're applying for aid, and your signature.) Your duplicate SAR will be sent to the address you reported on your application. If your address has changed, include your old and new mailing addresses and ask for a change of address.

Note that you can't use a SAR Information Acknowledgement to make corrections (just to check the information reported). You'll make corrections using *FAFSA on the Web*.

If you want to have your application information sent to a school you didn't list on your FAFSA, you can

- contact the Federal Student Aid Information Center to have your information sent to the school,
- give the school permission to request your information, or
- correct your paper SAR to add the school or make the correction on the Web.

If you ask the Federal Student Aid Information Center to send your information or give permission to the school to request the information, you'll need to provide your Data Release Number (DRN), located in the lower left hand corner of the first few pages of the SAR.

If your address changes after you receive your SAR, you should correct your address as soon as possible. You can do this online at the *FAFSA on the Web* site, by contacting the Federal Student Aid Information Center at the address or toll-free number given on page 12 (you'll need to provide your DRN), or by correcting the SAR and mailing it to the address listed on the SAR.

## Special Circumstances

Although the formula used to determine eligibility for federal student aid is basically the same for all applicants, there is some flexibility.

In some cases, your financial aid administrator might adjust your **cost of attendance*** or the information used to calculate your EFC to take into account any special circumstances you might have. These circumstances could include a family's unusual medical expenses or tuition expenses. Also, an adjustment might be made if you, your spouse, or either parent (if applicable) has been recently unemployed. If conditions such as these apply to you or your family, contact your financial aid administrator.

Also, check with your financial aid administrator if you think you have any other special circumstances that might affect your dependency status or the amount you and your family are expected to contribute. But, there have to be very good reasons for the financial aid administrator to make any adjustments, and you'll have to provide adequate proof to support those adjustments. **Note that the financial aid administrator's decision is final and cannot be appealed to the U.S. Department of Education.**

## Withdrawals

If you should withdraw from school, the law states that the amount of FSA program assistance you have "earned" up to the point of withdrawal must be determined by a specific formula. If you received more assistance than you earned, the excess funds must be returned.

The amount of assistance you've earned is determined on a pro-rata basis. That is, if you completed 30 percent of the payment period or period of enrollment, you earned 30 percent of the assistance you were originally scheduled to receive. Once you've completed more than 60 percent of the payment period or period of enrollment, you earn *all* of your assistance.

If you received excess funds that must be returned, your school can explain what portion of those funds you must return.

*See "Important Terms," page 33.

# Deadlines

**Application Submission**

The application processor must receive your application by **June 30, 2004,** for the 2003-2004 school year. **There are no exceptions to this deadline.**

Apply as soon as you can on or **AFTER January 1, 2003**. (Please note that your application will be rejected if you apply before that date, so don't sign, date, or send your application before January 1.) If you want to apply through *FAFSA on the Web*, you can apply beginning January 2, 2003.

Schools and states often set deadlines *early* in the calendar year that students must meet to receive certain types of funds, including aid from the federal "campus-based" program funds (see page 13 for information on these programs). Make sure you know your school's deadlines so you won't miss out on any aid.

**SAR Submission**

**Your correct, complete application information must be at your school by your last day of enrollment in 2003-2004 or by August 31, 2004, whichever is earlier (check with your school's financial aid office).** If your school hasn't received your application information electronically, you must submit your SAR to the school by the deadline. Be sure you know your last day of enrollment in 2003-2004—it might be earlier than August 31.

*NOTE:* ***If you're selected for verification (see page 9), additional deadlines apply to you. Your financial aid administrator can tell you what they are.***

# The Federal Student Aid Information Center

You can get information from the Center for free by calling this number: 1-800-4-FED-AID (1-800-433-3243)

Information specialists at this number can

- help you complete the FAFSA (either electronic or paper).
- answer your questions about a PIN.
- help you make corrections to your SAR.
- tell you whether a school participates in the federal student aid programs and tell you the school's student loan **default*** rate.
- explain federal student aid eligibility requirements.
- explain the process of determining financial need and awarding aid.
- have your application information sent to a specific school.
- send federal student aid publications to you.
- answer questions about federal student loans.

You can use an automated response system at this number to

- find out if your FAFSA application has been processed.
- request a copy of your SAR.

TTY users may call 1-800-730-8913.

Callers from locations that do not have access to 800 numbers may call 1-319-337-5665. This is not a toll-free number.

You can also write to the Federal Student Aid Information Center at the following address:

**Federal Student Aid Information Center**
**P.O. Box 84**
**Washington, DC 20044-0084**

For a list of other frequently requested telephone numbers and Web sites, see the inside front cover of this Guide.



*See "Important Terms," page 33.

# Types of Federal Student Aid

## Federal Pell Grants

### What is a Federal Pell Grant?

A Federal Pell Grant, unlike a loan, does not have to be repaid. Generally, Pell Grants are awarded only to undergraduate students who have not earned a bachelor's or professional degree. (A professional degree is usually obtained after a bachelor's degree in a field such as medicine, law, or dentistry.) In some cases, you might receive a Pell Grant for attending a post-baccalaureate teacher certificate program.

Pell Grants are usually a foundation of financial aid, to which aid from other federal and nonfederal sources might be added.

### How do I qualify?

To determine if you're eligible, the U.S. Department of Education uses a standard formula, established by Congress, to evaluate the information you report when you apply (see "Financial Need" on page 6). The formula produces an EFC number. Your SAR contains this number, in the upper right portion of page 1. This number will determine if you're eligible for a Pell Grant and for how much.

### How much money can I get?

Pell Grants for the 2003-2004 award year (July 1, 2003 to June 30, 2004) will depend on program funding. The maximum Pell Grant for the 2002-2003 award year was $4,000. How much you get will depend not only on your EFC but also on your **cost of attendance,*** whether you're a full-time or part-time student, and whether you attend school for a full **academic year*** or less. You may receive only one Pell Grant in an award year, and you may not receive Pell Grant funds from more than one school at a time.

### How will I be paid?

Your school may credit the Pell Grant funds to your school account, pay you directly (usually by check), or combine these methods. The school must tell you in writing how and when you'll be paid and how much your Pell Grant will be. Schools must pay you at least once per term (semester, trimester, or quarter). Schools that don't use formally defined, traditional terms must pay you at least twice per **academic year.***

### Can I receive a Federal Pell Grant if I'm enrolled less than *half time?**

Yes, if you're otherwise eligible. You won't receive as much as if you were enrolled full time, but your school must disburse your Pell Grant funds in accordance with your enrollment status and can't refuse you an award simply because you're enrolled less than **half time.***

## Campus-Based Programs

The three programs discussed in this section are called campus-based programs because they're administered directly by the financial aid office at each participating school. Not all schools participate in all three programs. The Federal Supplemental Educational Opportunity Grant (FSEOG) Program awards grants; the Federal Work-Study Program offers jobs; and the Federal Perkins Loan Program provides low-interest loans. Even though each program is different, they have these characteristics in common:

- How much aid you receive depends on such factors as your financial need (see page 6), the amount of other aid you'll receive, and the availability of funds at your school. Unlike the Federal Pell Grant Program, which provides every eligible student with funds, each school participating in any of the campus-based programs receives a certain amount of funds each year from the federal government for each program. When that money is gone, no more awards can be made from that program for that year.
- Each school sets its own deadlines for students to apply for campus-based funds. The deadlines will usually be earlier than the U.S. Department of Education's deadline for filing a FAFSA (for 2003-2004, June 30, 2004). Check with the financial aid office about the school's deadlines. You might miss out on aid from these programs if you don't apply early.

*See "Important Terms," page 33.

## Federal Supplemental Educational Opportunity Grants (FSEOG)

### What is a Federal Supplemental Educational Opportunity Grant?

An FSEOG is for undergraduates with exceptional financial need—that is, students with the lowest EFCs—and gives priority to students who receive Federal Pell Grants. An FSEOG doesn't have to be paid back.

### What's the difference between an FSEOG and a Federal Pell Grant?

The U.S. Department of Education guarantees that each participating school will receive enough money to pay the Federal Pell Grants of its eligible students. There's no guarantee every eligible student will be able to receive an FSEOG; students at each school will be awarded these funds based on availability at that school.

### How much money can I get?

You can receive between $100 and $4,000 a year, depending on when you apply, your need, the funding level of the school you're attending, and the policies of the financial aid office where you attend school.

### How will I be paid?

Your school will credit your account, pay you directly (usually by check), or combine these methods. Schools must pay students at least once per term (semester, trimester, or quarter). Generally, schools that do not use traditional terms must pay you at least twice during the **academic year.***

## Federal Work-Study

### What is Federal Work-Study?

The Federal Work-Study Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to each student's course of study.

### How much will I make?

You'll earn at least the current federal minimum wage, but the amount might be higher depending on the type of work you do and the skills required. Your total Federal Work-Study award depends on when you apply, your level of need, and the funding level of your school. Commissions or fees must not be paid to Federal Work-Study students.

### How will I be paid?

If you're an undergraduate, you'll be paid by the hour. If you're a graduate student, you might be paid by the hour or you might receive a salary. Your school must pay you at least once a month. Also, your school must pay you directly, unless you request that the school make payments to your bank account or use the money to pay for your institutional charges such as tuition, fees, and room and board.

### Are Federal Work-Study jobs on campus or off campus?

Both. If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private nonprofit organization or a public agency, and the work performed must be in the public interest. Some schools might have agreements with private for-profit employers for Federal Work-Study jobs, which must be judged relevant to your course of study (to the maximum extent possible). If you attend a proprietary school, there might be further restrictions on the jobs you can be assigned.

### Can I work as many hours as I want?

No. The amount you earn can't exceed your total Federal Work-Study award. When assigning work hours, your employer or financial aid administrator will consider your class schedule and your academic progress.

## Federal Perkins Loans

### What is a Federal Perkins Loan?

A Federal Perkins Loan is a low-interest (5 percent) loan for both undergraduate and graduate students with financial need. Your school is your lender. The loan is made with government funds, and your school contributes a share. You must repay this loan to your school.



*See "Important Terms," page 33.

### How much can I borrow?

Depending on when you apply, your level of need, and the school's funding level, you can borrow up to

- $4,000 for each year of undergraduate study (the total amount you can borrow as an undergraduate is $20,000).
- $6,000 for each year of graduate or professional study (the total amount you can borrow as a graduate/professional student is $40,000, including any Federal Perkins Loans you borrowed as an undergraduate).

### Other than interest, is there any charge to get these loans?

No, you're not charged any fees to take out the loan. But, if you don't make loan payments as scheduled, you might have to pay a late charge. If you continue not making payments as required, you might have to pay collection costs as well.

### How will I be paid?

Your school will either pay you directly (usually by check) or credit your account. Generally, you'll receive the loan in at least two payments during the **academic year.***

### Can I cancel the loan if I change my mind, even if I've signed the *promissory note** agreeing to the loan's terms?

Yes. Your school must notify you in writing whenever it credits your account with your Perkins Loan funds. The school must send you this notification no earlier than 30 days before, and no later than 30 days after, the school credits your account. You may cancel all or a portion of your loan if you inform your school you wish to do so within 14 days after the date your school sends you this notice, or by the first day of the payment period, whichever is later. (Your school can tell you the first day of your payment period.) If you receive Perkins Loan funds directly by check, you may refuse the funds by returning the check.

### When do I pay back this loan?[1]

If you're attending school at least **half time,*** you have nine months after you graduate, leave school, or drop below **half time*** status before you must begin repayment (you might have longer than nine months if you're on active duty with the military). This period of time is called a grace period. If you're attending less than **half time,*** check with your financial aid administrator to determine your grace period. At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay.

## Examples of Typical Payments for Perkins Loan Repayment

| Total Loan Amount | Number of Payments | Approximate Monthly Payment | Total Interest Charges | Total Repaid |
|---|---|---|---|---|
| $4,000 | 120 | $42.43 | $1,091.01 | $5,091.01 |
| $5,000 | 120 | $53.03 | $1,364.03 | $6,364.03 |
| $15,000 | 120 | $159.10 | $4,091.73 | $19,091.73 |

### How much will I have to repay each month?

Your monthly payment amount will depend on the size of your debt and the length of your repayment period.

The table at left shows typical monthly payments and total interest charges for three different 5-percent loans over a 10-year period.

[1] *The U.S. Department of Education (ED) has issued special guidance for those called to active duty as a result of the September 11 terrorist attacks. If a borrower's loans are in an in-school status, in-school deferment status, or in a grace period when the borrower is ordered to active duty or reassigned, the loan holder must maintain the loans in that status during the period of the borrower's active duty service or reassignment, plus the time necessary for the borrower to resume enrollment in the next regular enrollment period reasonably available to the borrower. The maintenance of loan status may not exceed a total of three years, including the period of time necessary for the borrower to resume enrollment.*

*For a borrower whose loans are in repayment, the loan holder must grant a forbearance (temporary suspension of repayment) for the expected period of the borrower's active duty status, beginning on the first day of active duty, not to exceed one year. Forbearance beyond the initial period will require supporting documentation and a written agreement by the borrower.*

*For more information about loan repayment options that might be available to a borrower in this situation, the loan holder should be contacted directly.*

*See "Important Terms," page 33.

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### Are there any tax credits available for paying back these loans?

Yes, there are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to federal *and* nonfederal loans used to pay for postsecondary education costs. The maximum deduction is $2,500 a year. IRS Publication 970, *Tax Benefits for Higher Education*, explains these credits and other tax benefits. You can find out more by calling the IRS at 1-800-829-1040. TTY callers can call 1-800-829-4059.

### Is it ever possible to postpone repayment of my Federal Perkins Loan?

Yes, under certain conditions, you can receive a "deferment" or "forbearance" on your loan, as long as the loan isn't in **default.*** During a deferment, you're allowed to temporarily postpone payments, and no interest accrues (accumulates). Look under "Perkins Loans" on the chart on page 31 for the list of deferments available. Also, the school that made you your loan must automatically defer your Federal Perkins Loan(s) during any periods where you perform a service that qualifies you for loan cancellation. (See below for a description of loan cancellation; see the next page for a list of service cancellations.)

Deferments are not automatic. You must apply for one through your school, generally by using a deferment request form your school can give you. You must file your deferment request on time or you'll pay a late charge. For more details on deferments, contact your school's financial aid office.

If you temporarily can't meet your repayment schedule but aren't eligible for a deferment, you can receive forbearance for a limited and specific period. During forbearance, your payments are postponed or reduced, or your repayment period might be extended. Interest continues to accrue, however, and you're responsible for paying it.

Forbearance isn't automatic either. You may be granted forbearance in intervals of up to 12 months at a time for up to 3 years. You must apply in writing for forbearance to the school that made your loan or to the agency the school employs to service your loan. You might have to provide documentation to show why you should be granted forbearance.

**You must continue making scheduled payments until you're notified that deferment or forbearance has been granted.** Otherwise, you could become delinquent or go into **default.***

### Is it ever possible to have my Federal Perkins Loan canceled?

Yes. Federal Perkins Loans can be canceled if the borrower dies or becomes totally and permanently disabled, for example. A loan can also qualify for cancellation under certain other conditions, as long as you're not in **default.*** See the table on the next page for the list of cancellation provisions. For more information, contact your financial aid office.

If you serve as an enlisted person in certain specialties of the Armed Forces, the U.S. Department of Defense might, as an enlistment incentive, repay a portion of your student loan. Note that this is not a cancellation. For more information, contact your recruiting officer.

Another type of repayment assistance (again, not a cancellation) is available through the U.S. Department of Health and Human Services' Nursing Education Loan Repayment Program (NELRP). This program will help repay student loans for registered nurses in exchange for their service in eligible facilities located in areas experiencing a shortage of nurses. All NELRP participants must enter into a contract agreeing to provide full-time employment in an approved eligible health facility (EHF) for two or three years. In return, the NELRP will pay 60 percent of the participant's total qualifying loan balance for two years or 85 percent of the participant's total qualifying loan balance for three years. For more information, call NELRP, toll-free, at **1-866-813-3753** or visit ***www.bhpr.hrsa.gov/nursing/loanrepay.htm***

If you have any questions about the terms of your Federal Perkins Loan, repayment obligations, deferment, forbearance, or cancellation, check with the school that made you the loan. Only that school may grant deferment, forbearance, or cancellation, or make other decisions concerning your loan.

*See "Important Terms," page 33.

## Perkins Discharge/Cancellation Summary[1]

| Cancellation Conditions | Amount Forgiven | Notes |
|---|---|---|
| Borrower's total and permanent disability[2] or death | 100% | Service qualifies for deferment also. |
| Full-time teacher in a designated elementary or secondary school serving students from low-income families | Up to 100% | Service qualifies for deferment also. |
| Full-time special education teacher (includes teaching children with disabilities in a public or other nonprofit elementary or secondary school) | Up to 100% | Service qualifies for deferment also. |
| Full-time qualified professional provider of early intervention services for the disabled | Up to 100% | Service qualifies for deferment also. |
| Full-time teacher of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas | Up to 100% | Service qualifies for deferment also. |
| Full-time employee of a public or nonprofit child- or family-services agency providing services to high-risk children and their families from low-income communities | Up to 100% | Service qualifies for deferment also. |
| Full-time nurse or medical technician | Up to 100% | Service qualifies for deferment also. |
| Full-time law enforcement or corrections officer | Up to 100% | Service qualifies for deferment also. |
| Full-time staff member in the education component of a Head Start Program | Up to 100% | Service qualifies for deferment also. |
| Vista or Peace Corps volunteer | Up to 70% | Service qualifies for deferment also. |
| Service in the U.S. Armed Forces | Up to 50% in areas of hostilities or imminent danger | Service qualifies for deferment also. |
| Bankruptcy (in rare cases) | Up to 100% | Cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship. |
| Closed school (before student could complete program of study) | 100% | For loans received on or after January 1, 1986. |

[1] *As of October 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's promissory note. However, this benefit is not retroactive to services performed before October 7, 1998.*

[2] *Beginning July 1, 2002, a borrower who is determined to be totally and permanently disabled will have his or her loan placed in a conditional discharge period for three years from the date the borrower became totally and permanently disabled. During this conditional period, the borrower doesn't have to pay principal or interest. If the borrower continues to meet the total-and-permanent disability requirements during, and at the end of, the three-year conditional period, the borrower's obligation to repay the loan is canceled. If the borrower doesn't continue to meet the cancellation requirements, the borrower must resume payment. Total and permanent disability is defined as the inability to work and earn money because of an injury or illness that is expected to continue indefinitely or to result in death. For more information on qualifying for this discharge, review your* ***promissory note**** *and contact your loan holder.*

*More information on teaching service cancellation/deferment options can be found at* ***www.studentaid.ed.gov****. At the site, click on "Repaying," then on "Cancellation and Deferment Options for Teachers."*

**See "Important Terms," page 33.*

# FFEL and Direct Loan Programs

Besides the Federal Perkins Loan Program (see page 14), the U.S. Department of Education administers the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Program. Eligibility rules and loan amounts are identical under both programs, but the repayment plans differ somewhat (see page 21). The main difference, however, is that you receive FFEL funds from private lenders (such as banks, credit unions, or other lenders that participate in the FFEL Program). Direct Loan funds come from the federal government to your school, which delivers the loan proceeds to you. Often, a school will participate in just one or the other of these programs but sometimes will participate in both. You can receive both FFELs and Direct Loans, but not both types for the same period of enrollment at the same school.

Both the FFEL and Direct Loan programs consist of what are generally known as **Stafford Loans** (for undergraduate and graduate students) and **PLUS Loans**, for the parents of dependent undergraduates (see page 6 for a discussion of dependency status).

## Stafford Loans

### What are Stafford Loans?

Direct and FFEL Stafford Loans are either subsidized or unsubsidized. You can receive a subsidized loan and an unsubsidized loan for the same enrollment period.

A **subsidized** loan is awarded on the basis of financial need (see page 6). You won't be charged any interest before you begin repayment or during authorized periods of deferment (see page 22). The federal government "subsidizes" the interest during these periods.

An **unsubsidized** loan is not awarded on the basis of need. You'll be charged interest from the time the loan is disbursed until it's paid in full. If you allow the interest to accrue (accumulate) while you're in school or during other periods of nonpayment, it will be **capitalized**—that is, the interest will be added to the principal amount of your loan, and additional interest will be based on that higher amount.

*NOTE:* ***If your interest is capitalized, it will increase the amount you have to repay. You can choose to pay the interest as it accumulates; if so, you'll repay less in the long run.***

### Who can get a Stafford Loan?

If you're a **regular student*** enrolled in an **eligible program*** at least **half time,*** you may receive a Direct or FFEL Stafford Loan. You must also meet other general eligibility requirements (see page 5).

### How do I get this loan?

You apply using the FAFSA or Renewal FAFSA (see "Applying," page 7), just the way you would for other federal student aid. Then, you sign a **promissory note*** that you'll get from your lender, for FFEL Stafford Loans, or from your school, for Direct Loans. The **promissory note*** is a *binding legal document;* when you sign it, you're agreeing to repay your loan under certain terms. Read the note carefully and save it.

### How much can I borrow?

If you're a dependent undergraduate student (see "Dependency Status," page 6), you can borrow annually up to

- $2,625 if you're a first-year student enrolled in a program of study that is at least a full **academic year.***
- $3,500 if you've completed your first year of study and the remainder of your program is at least a full **academic year.***
- $5,500 if you've completed two years of study and the remainder of your program is at least a full **academic year.***

If you're an independent undergraduate student or a dependent student whose parents are unable to get a PLUS Loan (see page 24), you can borrow annually up to

- $6,625 if you're a first-year student enrolled in a program of study that is at least a full **academic year*** (only $2,625 of this amount may be in subsidized loans).

*See "Important Terms," page 33.

- $7,500 if you've completed your first year of study and the remainder of your program is at least a full **academic year*** (only $3,500 of this amount may be in subsidized loans).
- $10,500 if you've completed two years of study and the remainder of your program is at least a full **academic year*** (only $5,500 of this amount may be in subsidized loans).

For periods of study that are less than an **academic year,*** the amounts you can borrow will be less than those listed. Check with your school's financial aid office to find out how much you can borrow.

NOTE: ***Stafford Loans are not made to students enrolled in programs that are less than one-third of an academic year.****

Generally, if you're a graduate student, you can borrow up to $18,500 each **academic year.*** (Only $8,500 of this amount may be in subsidized Stafford Loans.)

NOTE: ***The amounts given here are the maximum yearly amounts you can borrow in both subsidized and unsubsidized loans. You might receive less than these amounts if you receive other financial aid that is used to cover a portion of your cost of attendance.****

Generally, the total debt you can have outstanding from all Stafford Loans combined is

- $23,000 as a dependent undergraduate student.
- $46,000 as an independent undergraduate student (only $23,000 of this amount may be in subsidized loans).
- $138,500 as a graduate or professional student (only $65,500 of this amount may be in subsidized loans). The graduate debt limit includes any Stafford Loans received for undergraduate study.

NOTE: ***Your school can refuse to certify your loan application or can certify a loan for an amount less than you would otherwise be eligible for if the school documents the reason for its action and explains the reason to you in writing. The school's decision is final and cannot be appealed to the U.S. Department of Education.***

## Annual Loan Limits for Subsidized and Unsubsidized Stafford Loans

| | Dependent Undergraduate Student | Independent Undergraduate Student | Graduate Student |
|---|---|---|---|
| 1st Year | **$2,625** | **$6,625**—Only $2,625 of this amount may be in subsidized loans. | Up to **$18,500** each academic year (only $8,500 of this amount may be in subsidized loans). |
| 2nd Year | **$3,500** | **$7,500**—Only $3,500 of this amount may be in subsidized loans. | |
| 3rd & 4th Years | **$5,500** | **$10,500**—Only $5,500 of this amount may be in subsidized loans. | |
| Maximum Debt from Stafford Loans When You Graduate | **$23,000** as a dependent undergraduate student | **$46,000** as an independent undergraduate student (only $23,000 of this amount may be in subsidized loans). | **$138,500** as a graduate or professional student (only $65,500 of this amount may be in subsidized loans).<br>The graduate debt limit includes Stafford Loans received for undergraduate study. |

### How will I receive my Stafford Loan?

The loan funds will be sent to your school. In most cases, your loan will be disbursed in at least two installments, and no installment will be greater than half the amount of your loan.

Your loan money must first be used to pay for your tuition, fees, and room and board. If loan funds remain, you'll receive them by check or in cash, unless you give the school written permission to hold the funds until later in the enrollment period.

*See "Important Terms," page 33.



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If you're both a first-year undergraduate student and a first-time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period. That way, you won't have to repay the loan if you withdraw during the first 30 days of classes. (However, you might owe money to the school for a portion of tuition or other fees.)

### Can I cancel the loan if I change my mind, even if I've signed the *promissory note** agreeing to the loan's terms?

Yes. Your school must notify you in writing whenever it credits your account with your Stafford Loan funds. This notification must be sent to you no earlier than 30 days before, and no later than 30 days after, the school credits your account. You may cancel all or a portion of your loan if you inform your school within 14 days after the date your school sends you this notice, or by the first day of the payment period, whichever is later. (Your school can tell you the first day of your payment period.) If you receive Stafford Loan funds directly by check, you may refuse the funds by returning the check.

### What's the interest rate on these loans?

The interest rate is variable (might change each year) but does not exceed 8.25 percent. For July 1, 2002 to June 30, 2003, the interest rate for loans in repayment was 4.06 percent. Interest rates are adjusted each year on July 1. You'll be notified of interest rate changes throughout the life of your loan.

Congress changed the interest rate calculation for Stafford Loans made on or after July 1, 1998. If you have loans first disbursed *before* that date, your interest rate might be different. For interest rates on a FFEL Stafford Loan, check with your lender. For interest rates on a Direct Stafford Loan, check with the Direct Loan Servicing Center (see page 23).

If you have subsidized loans (see page 18), you won't be charged interest while you're enrolled in school at least **half time*** during a grace period, or during authorized periods of deferment (see page 22). Interest will begin to accrue (accumulate) when you enter repayment.

If you have unsubsidized loans, you'll be charged interest from the day the loan is disbursed until it's paid in full, including in-school, grace, and deferment periods. You can pay the interest during these periods, or it can be capitalized (see page 18).

### Other than interest, is there any charge to get the loans?

You'll pay a fee of up to 4 percent of the loan, deducted proportionately from each loan disbursement. For a FFEL Stafford Loan, a portion of this fee goes to the federal government, and a portion goes to the **guaranty agency*** to help reduce the cost of the loans. For a Direct Stafford Loan, the entire fee goes to the government to help reduce the cost of the loans. Also, if you don't make your loan repayments when scheduled, you may be charged collection costs and late fees.

### When do I pay back these loans?[1]

After you graduate, leave school, or drop below **half time*** enrollment, you have six months before you begin repayment. This period of time is called a grace period.

During the grace period on a subsidized loan, you don't have to pay any principal, and you won't be charged interest. During the grace period on an unsubsidized loan, you don't have to pay any principal, but you will be charged interest. You can either pay the interest or it will be capitalized.

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[1] *The U.S. Department of Education (ED) has issued special guidance for those called to active duty as a result of the September 11 terrorist attacks. If a borrower's loans are in an in-school status, in-school deferment status, or in a grace period when the borrower is ordered to active duty or reassigned, the loan holder must maintain the loans in that status during the period of the borrower's active duty service or reassignment, plus the time necessary for the borrower to resume enrollment in the next regular enrollment period reasonably available to the borrower. The maintenance of loan status may not exceed a total of three years, including the period of time necessary for the borrower to resume enrollment.*

*For a borrower whose loans are in repayment, the loan holder must grant a forbearance (temporary suspension of repayment) for the expected period of the borrower's active duty status, beginning on the first day of active duty, not to exceed one year. Forbearance beyond the initial period will require supporting documentation and a written agreement by the borrower.*

*For more information about loan repayment options that might be available to a borrower in this situation, the loan holder should be contacted directly.*

*See "Important Terms," page 33.

After you leave school or drop below **half time*** enrollment, your lender will send you information about repayment and you'll be notified of the date repayment begins. However, you're responsible for beginning repayment on time, even if you don't receive this information. Failing to make payments on your loan is likely to have a negative effect on your credit rating.

### *How do I pay back my Stafford Loans?*

You'll repay your FFEL Stafford Loan to a private lender or loan servicer. You'll repay your Direct Loan to the U.S. Department of Education's Direct Loan Servicing Center. Direct Loan borrowers can view and pay their bills online through the Servicing Center Web site: ***www.dl.ed.gov***

Both the Direct Loan and FFEL programs offer four repayment plans you can choose from, but the terms differ slightly. Your school will provide more detailed information on your repayment options during entrance and exit counseling sessions. The chart on page 22 shows estimated monthly payments for various loan amounts under each plan.

If you don't choose a repayment plan when you first begin repayment, you'll be placed under the Standard Repayment Plan. You can change plans throughout the life of your loan, as long as the maximum repayment period under your new plan is longer than the length of time your loans have already been in repayment. Under the FFEL Program, you can change plans once a year. Under the Direct Loan Program, you can change plans any time.

In some cases, it might be beneficial for you to combine one or more of your loans into a Consolidation Loan. See page 27 for more information on loan consolidation.

**Direct Loans**—The Direct Loan Program offers the following repayment plans:

- The **Standard Repayment Plan** requires you to pay a fixed amount each month—at least $50—for up to 10 years. The length of your repayment period will depend on your loan amount.
- The **Extended Repayment Plan** allows you to repay your loan over a period that is generally 12 to 30 years, depending on your loan amount. Your monthly payment might be lower than it would be if you repaid the same total loan amount under the Standard Repayment Plan, but you'll repay a higher total amount of interest over the life of your loan because the repayment period is longer. The minimum monthly payment is $50.
- Under the **Graduated Repayment Plan**, your payments will be lower at first and then increase, usually every two years. The length of your repayment period will generally range from 12 to 30 years, depending on your loan amount. Your initial monthly payments will be equal to *either* the interest that accumulates on your loan between payments *or* half the payment you'd make each month using the Standard Repayment Plan, *whichever is greater*. However, your monthly payments will never increase to more than 1.5 times what you'd pay under the Standard Repayment Plan. You'll repay a higher total amount of interest, though, because the repayment period is longer than it is under the Standard Repayment Plan.
- The **Income Contingent Repayment Plan** bases your monthly payment on your yearly income, family size, interest rate, and loan amount. As your income rises or falls, so do your payments. After 25 years, any remaining balance on the loan will be forgiven, but you'll have to pay taxes on the amount forgiven.

Loan payments are made to the U.S. Department of Education. For more information on repayment options, you can access the *Direct Loans Repayment Book* on the Internet at ***www.ed.gov/offices/OSFAP/DirectLoan/index.html***

**FFEL Program**—Under the FFEL Program, aspects of these repayment plans will vary by lender because individual lenders can tailor the repayment plans. Check with your lender for complete information.

The FFEL Program offers the following repayment plans:

- The **Standard Repayment Plan** requires you to pay a fixed amount each month—at least $50.
- Under a **Graduated Repayment Plan**, your payments will be lower at first and then increase over time. Each payment must at least equal the interest accrued (accumulated) on the loan between scheduled payments.

*See "Important Terms," page 33.

- An **Income Sensitive Repayment Plan** bases your monthly payment on your yearly income and your loan amount. As your income rises or falls, so do your payments. Each payment must at least equal the interest accrued on the loan between scheduled payments.
- The **Extended Repayment Plan** is available to new FFEL borrowers who received their first loan on or after October 7, 1998, and who have FFELs totaling more than $30,000. Under the Extended Repayment Plan, your payments will be fixed or graduated (lower at first and then increased over time) over a period of up to 25 years.

As is true with Direct Loans, spreading your payments out over time might mean lower monthly payments, but you'll repay more because you'll pay more interest.

## Examples of Typical Beginning Payments for Direct and FFEL Stafford Loan Repayment Plans[1]

*Monthly Payments and Total Repaid Under Different Repayment Plans*

| | Standard[2] | | Extended | | Graduated | | For Direct Loans only: Income Contingent[3] (Income=$25,000) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Single | | Married/HOH[4] | |
| When Borrower Enters Repayment | Per Month | Total Repaid | Per Month | Total Repaid | Per Month | Total Repaid | Per Month | Total Repaid | Per Month | Total Repaid |
| $2,500 | $50 | $3,074 | $50 | $3,074 | $25 | $4,029 | $22 | $4,560 | $21 | $4,941 |
| $5,000 | $61 | $7,359 | $55 | $7,893 | $35 | $8,646 | $45 | $9,120 | $42 | $9,482 |
| $7,500 | $92 | $11,039 | $82 | $11,840 | $53 | $12,970 | $67 | $13,680 | $64 | $14,223 |
| $10,000 | $123 | $14,718 | $97 | $17,462 | $69 | $19,175 | $90 | $18,240 | $85 | $18,964 |
| $15,000 | $184 | $22,078 | $146 | $26,194 | $103 | $28,762 | $135 | $27,360 | $127 | $28,446 |

*[1] Payments are calculated using the maximum interest rate of 8.25% for student borrowers. For July 1, 2002 to June 30, 2003, the interest rate for loans in repayment was calculated at 4.06 percent. Interest rates are adjusted each year on July 1.*

*[2] Equal and fixed monthly payments ($50 minimum).*

*[3] Assumes a 5% annual income growth (Census Bureau).*

*[4] HOH is Head of Household. Assumes a family size of two.*

### Are there any tax credits available for paying back these loans?

Yes, there are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to federal *and* nonfederal loans taken out to pay for postsecondary education costs. The maximum deduction is $2,500 a year. IRS Publication 970, *Tax Benefits for Higher Education*, explains these credits and other tax benefits. You can find out more by calling the IRS at **1-800-829-1040**. TTY callers can call 1-800-829-4059.

### Is it ever possible to postpone repayment of my loan?

Yes, under certain conditions, you can receive a "deferment" or "forbearance" on your loan, as long as the loan isn't in **default.*** A **deferment** allows you to temporarily postpone payments on your loan. If you have a subsidized loan, you won't be charged interest during the deferment. If your loan is unsubsidized, you'll be responsible for the interest during the deferment. In that case, if you don't pay the interest as it accrues (accumulates), it will be capitalized and the amount you'll have to pay will increase (see page 18). See page 31 for the list of deferments available for loans disbursed on or after July 1, 1993.

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*See "Important Terms," page 33.

For information on deferments available to borrowers with outstanding loans received before that date, FFEL Stafford borrowers should contact the lenders or agencies holding the loans. Direct Stafford Loan borrowers can contact the Direct Loan Servicing Center at

**The Direct Loan Servicing Center**
**Borrower Services: 1-800-848-0979 or 1-315-738-6634**
**Fax: 1-800-848-0984**
**TTY: 1-800-848-0983**
***www.dl.ed.gov***

If you're temporarily unable to meet your repayment schedule, but you're not eligible for a deferment, your lender might grant you **forbearance** for a limited and specified period. During forbearance, your payments are postponed or reduced, or your repayment period might be extended. **Whether your loans are subsidized or unsubsidized, you'll be charged interest during a period of forbearance.** If you don't pay the interest as it accrues, it will be capitalized.

You might be granted forbearance if you are

- unable to pay due to poor health or other unforeseen personal problems.
- serving in a medical or dental internship or residency.
- serving in a position under the National Community Service Trust Act of 1993 (forbearance may be granted for this reason for a Direct or FFEL Stafford Loan, but not for a PLUS Loan).
- obligated to make payments (on certain federal student loans) that are equal to or greater than 20 percent of your monthly gross income.

This is not a complete list of conditions that might qualify you for forbearance but offers some examples.

Deferment and forbearance are not automatic. If you have a Direct Stafford Loan, you must contact your Direct Loan Servicing Center to request either option. If you have a FFEL Stafford Loan, you must contact the lender or agency that holds your loan. You might have to provide documentation to support your request. You must continue making scheduled payments until you're notified that the deferment or forbearance has been granted. Not making payments on your loan is likely to have a negative effect on your credit rating, and your loan could go into **default.***

### *Is it ever possible to have my Stafford Loan discharged (canceled)?*

Yes, in certain circumstances. A discharge releases you from all obligations to repay the loan. A complete list of cancellation provisions is given on the next page.

Your loan can't be canceled because you didn't complete the program of study at the school (unless you couldn't complete the program for a valid reason—because the school closed, for example), you didn't like the school or the program of study, or you didn't obtain employment after completing the program of study.

For more information about discharge, Direct Stafford Loan borrowers should contact the Direct Loan Servicing Center. FFEL Stafford Loan borrowers should contact the lenders or agencies holding their loans.

Repayment assistance (not a discharge but another way to satisfy your obligation to repay) might be available if you serve in the military. For more information, contact your recruiting officer.

Another type of repayment assistance (again, not a discharge) is available through the U.S. Department of Health and Human Services' Nursing Education Loan Repayment Program (NELRP). This program will help repay student loans for registered nurses in exchange for their service in eligible facilities located in areas experiencing a shortage of nurses. All NELRP participants must enter into a contract agreeing to provide full-time employment in an approved eligible health facility (EHF) for two or three years. In return, the NELRP will pay 60 percent of the participant's total qualifying loan balance for two years or 85 percent of the participant's total qualifying loan balance for three years. For more information, call NELRP, toll-free, at **1-866-813-3753** or visit ***www.bhpr.hrsa.gov/nursing/loanrepay.htm***

*See "Important Terms," page 33.

## Direct Loan and FFEL Discharge/Cancellation Summary

| Cancellation Conditions | Amount Forgiven | Notes |
|---|---|---|
| Borrower's total and permanent disability[1] or death | 100% | For a PLUS Loan, includes death but not disability of the student for whom the parents borrowed. |
| Full-time teacher for five consecutive years in a designated elementary or secondary school serving students from low-income families | Up to $5,000 of the aggregate loan amount that is outstanding after completion of the fifth year of teaching.<br>A borrower might qualify for loan forgiveness under the Direct Consolidation and the FFEL Consolidation Loan programs. If so, only the portion of the Consolidation Loan used to repay Direct Stafford Loans or FFEL Stafford Loans qualifies. | For Direct and FFEL Stafford Loans received on or after October 1, 1998, by a borrower with no outstanding loan balance as of that date. At least one of the five consecutive years of teaching must occur after the 1997-98 academic year. (To find out whether your school is considered a low-income school, visit **www.studentaid.ed.gov**. Click on "Repaying," then click on "Cancellation and Deferment Options for Teachers." Or, call 1-800-4-FED-AID.) |
| Bankruptcy (in rare cases) | 100% | Cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship. |
| Closed school (before student could complete program of study) or false loan certification | 100% | For loans received on or after January 1, 1986 |
| School does not make required return of loan funds to the lender | Up to the amount that the school was required to return. | For loans received on or after January 1, 1986 |

[1]*Beginning July 1, 2002, a borrower who is determined to be totally and permanently disabled will have his or her loan placed in a conditional discharge period for three years from the date the borrower became totally and permanently disabled. During this conditional period, the borrower doesn't have to pay principal or interest. If the borrower continues to meet the total-and-permanent disability requirements during, and at the end of, the three-year conditional period, the borrower's obligation to repay the loan is canceled. If the borrower doesn't continue to meet the cancellation requirements, the borrower must resume payment. Total and permanent disability is defined as the inability to work and earn money because of an injury or illness that is expected to continue indefinitely or to result in death. More information on this discharge can be found in the* ***promissory note**** *and by contacting the loan holder.*

## PLUS Loans (Loans to Parents)

### What are PLUS Loans?

They're loans your parents can take out to pay for your education expenses if you're a dependent undergraduate student enrolled at least **half time.*** (See page 6 for a discussion of dependency status.) As is true for Stafford Loans (see page 18), there are FFEL PLUS Loans and Direct PLUS Loans. PLUS Loans are unsubsidized (see page 18).

### Can my parents get both a Direct PLUS Loan and a FFEL PLUS Loan for me?

They can apply for either a Direct PLUS Loan or a FFEL PLUS Loan, but not for both for you during the same enrollment period. Your parents could, however, apply for a Direct PLUS Loan for you and a FFEL PLUS Loan for one of your siblings, for example.

### How do my parents apply?

For a Direct PLUS Loan, your parents must complete a Direct PLUS Loan application and **promissory note,*** contained in a single form that you get from your school's financial aid office.

For a FFEL PLUS Loan, your parents must complete and submit a PLUS Loan application, available from your school, lender, or your state **guaranty agency.*** After the school completes its portion of the application, it must be sent to a lender for evaluation.

Although it's not a requirement, parents are encouraged to have their dependent children file a FAFSA, so their children can receive the maximum student aid they're eligible for.

**See "Important Terms," page 33.*

### Are there any borrowing requirements my parents have to meet?

Yes, generally they have to pass a credit check. If they don't pass, they might still be able to receive a loan if someone, such as a relative or friend who can pass the credit check, agrees to endorse the loan and promises to repay it if your parents don't. Your parents also might qualify for a loan if they don't pass the credit check if they can demonstrate that extenuating circumstances exist. For them to borrow for you, you must meet the general eligibility requirements for federal student aid (see page 5), and your parents must also meet some of these general requirements. For example, they must meet citizenship requirements or be **eligible noncitizens*** and may not be in **default*** or owe a refund to any FSA program.

### Do they need to find a lender?

Not if they borrow under the Direct Loan Program, because their lender will be the U.S. Department of Education. Your school assists the federal government in administering the Direct Loan Program by distributing the loan application, processing the loan, and disbursing the loan funds.

*NOTE: Your school can refuse to certify your parents' loan application, or can certify a loan for an amount less than they would otherwise be eligible for, if the school documents the reason for its action and explains the reason to your parents in writing. The school's decision is final and cannot be appealed to the U.S. Department of Education.*

Under the FFEL Program, your parents will need to find a participating lender. For help, they should contact your school or the **guaranty agency*** that serves your state. For that agency's address and telephone number, and for more information about borrowing, your parents can contact the Federal Student Aid Information Center at the address or toll-free number listed on page 12. A directory of guaranty agencies is also available at this U.S. Department of Education Web site: *www.ed.gov/Programs/bastmp/SGA.htm*

### How much can my parents borrow?

The yearly limit on a PLUS Loan is equal to your **cost of attendance*** minus any other financial aid you receive. For example, if your **cost of attendance*** is $6,000 and you receive $4,000 in other financial aid, your parents could borrow up to—but no more than—$2,000.

### Do they get the money or do I?

The loan funds will come first to your school. Your school might require your parents to endorse a disbursement check and send it back to the school. In most cases, the loan will be disbursed in at least two installments, and no installment will be greater than half the loan amount. The funds will first be applied to your tuition, fees, room and board, and other school charges. If any loan funds remain, your parents will receive the amount as a check or in cash, unless they authorize the amount to be released to you or to be put into your school account. Any remaining loan funds must be used for your education expenses.

### Can my parents cancel the loan if they change their minds, even if they've signed the *promissory note** agreeing to the loan's terms?

Yes. Your school must notify your parents in writing whenever it credits your account with PLUS Loan funds. This notification must be sent to your parents no earlier than 30 days before, and no later than 30 days after, the school credits your account. Your parents may cancel all or a portion of their loan if they inform your school within 14 days after the date your school sends this notice, or by the first day of the payment period, whichever is later. (Your school can tell you the first day of your payment period.) If your parents receive PLUS Loan funds directly by check, they may refuse the funds by not endorsing the check.

### What's the interest rate on PLUS Loans?

The interest rate could change each year of repayment but does not exceed 9 percent. For July 1, 2002 to June 30, 2003, the interest rate for PLUS Loans in repayment was 4.86 percent. Interest rates are adjusted each year on July 1. Your parents will be notified of interest rate changes throughout the life of their loan. Interest is charged on the loan from the date the first disbursement is made until the loan is paid in full.

Congress changed the interest rate calculation for PLUS loans made on or after July 1, 1998. If your parents had PLUS loans first disbursed *before* that date, the interest rate might be different. For interest rates on a FFEL PLUS Loan, your parents should check with their lender. For interest rates on a Direct PLUS Loan, they should check with the Direct Loan Servicing Center (see page 23).

*See "Important Terms," page 33.

### Other than interest, is there a charge to get a PLUS Loan?

Your parents will pay a fee of up to 4 percent of the loan, deducted proportionately each time a loan disbursement is made. For a FFEL PLUS Loan, a portion of this fee goes to the federal government, and a portion goes to the **guaranty agency*** to help reduce the cost of the loans. For a Direct PLUS Loan, the entire fee goes to the government to help reduce the cost of the loans. Also, if your parents don't make their loan repayments when scheduled, your parents may be charged collection costs and late fees.

### When do my parents begin repaying a PLUS Loan?

Generally, repayment must begin within 60 days after the final loan disbursement for the period of enrollment for which you borrowed. There is no grace period for these loans. This means interest begins to accumulate at the time the first disbursement is made. Your parents must begin repaying both principal and interest while you're in school.

### How do my parents pay back the loan?

For Direct PLUS Loans, your parents can choose the Standard, Extended, or Graduated Repayment Plan (see page 21). The Income Contingent Repayment Plan is *not* an option for Direct PLUS borrowers. A Direct PLUS Loan can also be consolidated. (See the next page for more information on loan consolidation.)

For FFEL PLUS Loans, parents can usually choose the Standard, Extended, Graduated, or Income Sensitive Plan (see page 21). FFEL PLUS Loans can also be consolidated.

### Are there any tax credits available for paying back these loans?

Yes, there are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to federal *and* nonfederal loans taken out to pay for postsecondary education costs. The maximum deduction is $2,500 a year. IRS Publication 970, *Tax Benefits for Higher Education*, explains these credits and other tax benefits. You can find out more by calling the IRS at **1-800-829-1040.** TTY callers can call 1-800-829-4059.

### Is it ever possible to postpone repayment of a PLUS Loan?

Yes, under certain circumstances, your parents can receive a deferment or forbearance on their loan, as long as the loan isn't in **default.*** Deferment and forbearance are explained on pages 22 and 23. Generally, the conditions for eligibility and procedures for requesting a deferment or forbearance that apply to Stafford Loans also apply to PLUS Loans. However, since all PLUS Loans are unsubsidized, your parents will be charged interest during periods of deferment or forbearance. If they don't pay the interest as it accrues, it will be capitalized (see page 18).

### Can a PLUS Loan be discharged (canceled)?

Yes, under certain conditions. A discharge releases your parents from all obligation to repay the loan. (See page 24 for a complete listing of cancellation provisions.)

Your parents' PLUS Loan can't be canceled because you didn't complete your program of study at your school (unless you couldn't complete the program for a valid reason—because the school closed, for example), you didn't like the school or the program of study, or you didn't obtain employment after completing the program of study.

For more information about loan discharge or repayment, your parents should contact the Direct Loan Servicing Center at **1-800-848-0979** if they have a Direct PLUS Loan. If they have a FFEL PLUS Loan, they should contact the lender or agency holding the loan.



*See "Important Terms," page 33.

## Consolidation Loans

A Consolidation Loan can help you (and your parents, if they borrowed for you) simplify loan repayment by allowing you (and your parents) to combine several types of federal student loans with various repayment schedules into one loan. The repayment process is simpler because you make only one payment a month. Also, the interest rate on the Consolidation Loan might be lower than what you're currently paying on one or more of your loans. Even if you're in **default*** on a federal student loan, you might be eligible for a Consolidation Loan if certain conditions are met.

Note that a lender may *not* refuse to consolidate your loans because of

- the number or type of eligible loans you want to consolidate.
- the type of school you attended.
- the interest rate you would be charged on a consolidation loan.
- the types of repayment schedules available to you.

### What types of Consolidation Loans are there?

Direct Consolidation Loans are available from the U.S. Department of Education. FFEL Consolidation Loans are available from participating lenders such as banks, credit unions, and savings and loan associations.

There are three categories of Direct Consolidation Loans: Direct Subsidized Consolidation Loans, Direct Unsubsidized Consolidation Loans, and Direct PLUS Consolidation Loans. If you have loans from more than one category, you still have only one Direct Consolidation Loan and make only one monthly payment.

Under the FFEL Program, you can receive a Subsidized and/or an Unsubsidized FFEL Consolidation Loan, depending on the types of loans you're consolidating. (Federal PLUS Consolidation Loans are included under the Unsubsidized FFEL Consolidation Loan category.)

### What kinds of loans can be consolidated?

*All* the loans discussed in this publication are eligible for consolidation, and others can be included. For a FFEL Consolidation Loan, a participating lender can give you a complete list of eligible loans. For a Direct Consolidation Loan, the Loan Origination Center's Consolidation Department can give you a complete list. Contact

**Loan Origination Center's Consolidation Department**
**1-800-557-7392**
**TTY users may call 1-800-557-7395.**
***www.loanconsolidation.ed.gov***

### Who's eligible for a Consolidation Loan?

You can get a FFEL Consolidation Loan during your grace period, once you've entered repayment, or during periods of deferment or forbearance. If you're in **default*** on a federal student loan, you still might be able to receive a FFEL Consolidation Loan, provided the defaulted loan is not subject to a judgment or wage garnishment. For more information, contact a lender that participates in the FFEL Consolidation Loan Program.

You can also get a Direct Consolidation Loan during your grace period, once you've entered repayment, or during periods of deferment or forbearance. You must consolidate at least one Direct Loan or FFEL, however. If you don't have a Direct Loan, but you have a FFEL, you must first contact a FFEL lender who makes FFEL Consolidation Loans to ask about getting a FFEL Consolidation Loan. If you can't get such a loan, or you can't get one with income-sensitive repayment terms acceptable to you—and you're eligible for the Direct Loan Income Contingent Repayment Plan—you're eligible to apply for a Direct Consolidation Loan. If you're in **default*** on a federal student loan, you might be able to receive a Direct Consolidation Loan. For more information, contact the Loan Origination Center's Consolidation Department (see above).

One difference between Direct and FFEL Consolidation Loans is that you can get a Direct Consolidation Loan while you're in school. You must be attending at least **half time*** and have at least one Direct Loan or FFEL in an "in-school period." (Generally, your loan is in an in-school period if you have been continuously enrolled at least **half time*** since the loan was disbursed.) In addition, if the school you're attending is not a school that participates in the Direct Loan Program, at least one of the loans you consolidate must be a Direct Loan.

*See "Important Terms," page 33.

### How can I get a Consolidation Loan?

You'll be given more information about Consolidation Loans during entrance and exit counseling sessions at your school. For a FFEL Consolidation Loan, you can also contact the consolidation department of a participating lender for an application or more information. (Your parents should do the same thing if they want to apply for a FFEL PLUS Consolidation Loan.) If the same holder holds all the loans you want to consolidate, you must obtain your consolidation loan from that holder, unless you haven't been able to get a loan with income-sensitive repayment terms.

For Direct Loans, you (and your parents, for a Direct PLUS Consolidation Loan) can contact the Direct Loan Origination Center's Consolidation Department at the number and Web site address listed on page 27.

Note that if your parents want to apply for a FFEL PLUS Consolidation Loan, no credit checks are required. If they want to apply for a Direct PLUS Consolidation Loan, they are subject to a check for adverse credit history.

### How do I pay back a Consolidation Loan?

All the FFEL Stafford Loan repayment plans (see page 21) are available to FFEL Consolidation Loan borrowers. For Direct Consolidation Loan borrowers, the Direct Loan repayment plans listed on page 21 generally are available, except that Direct PLUS Consolidation Loans are not eligible to be repaid under the Income Contingent Repayment Plan or might not be eligible for some discharge/cancellation benefits.

### What's the interest rate on a Consolidation Loan?

As of February 1, 1999, the interest rate for both Direct Consolidation Loans and FFEL Consolidation Loans became a fixed rate for the entire time you're repaying the loan. The fixed rate is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of a percent. The interest rate does not exceed 8.25 percent.

Prior to February 1, 1999, Consolidation Loans had variable interest rates. For information on these Consolidation Loans, check with your lender if you have a FFEL Consolidation Loan, or with the Direct Loan Origination Center's Consolidation Department (see page 27) if you have a Direct Consolidation Loan.

### Are there any disadvantages to getting a Consolidation Loan?

Yes, there could be. Keep in mind that consolidation significantly increases the total cost of repaying your loans. You might have a longer period of time to repay a consolidation loan, but you'll make more payments and pay more interest. In fact, consolidation can double total interest expense. So, compare the cost of repaying your unconsolidated loans with the cost of repaying a consolidation loan.

You should also take into account whether you lose any borrower benefits offered under non-consolidated repayment plans, such as interest rate discounts or principal rebates, which can significantly reduce the cost of repaying your loans. Also, you might lose some discharge (cancellation) benefits if you include a Federal Perkins Loan in a FFEL Consolidation Loan or Direct Consolidation Loan.

Once made, consolidation loans can't be unmade because the loans that were consolidated have been paid off and no longer exist. Take the time to study your consolidation options before you apply.

# Borrower Responsibilities & Rights

## Responsibilities

WHEN YOU TAKE OUT A STUDENT LOAN, you have certain responsibilities. Here are some important ones:

- When you sign a **promissory note,*** you're agreeing to repay the loan according to the terms of the note. The note states that except in cases of loan discharge (see pages 17 and 24), you must repay the loan, even if you don't complete your education (unless you couldn't for a valid reason—because the school closed, for example). Also, you still must repay your loan if you can't get a job after you complete the program, or you don't like, or don't receive, the education you paid for.
- Think about what your repayment obligation means before you take out a loan. If you don't repay your loan on time or according to the terms in your **promissory note,*** you might go into **default,*** which has very serious consequences and will affect your credit rating.
- You must make payments on your loan even if you don't receive a bill or repayment notice. Billing statements (or coupon books) are sent to you as a convenience, but you're obligated to make payments even if you don't receive any reminders. You must also make monthly payments in the full amount your repayment plan has established. Partial payments do *not* fulfill your obligation.
- If you apply for a deferment or forbearance, you must continue to make payments until you're notified the request has been granted. If you don't, you might end up in **default.*** You should keep a copy of any request form you submit, and you should document all contacts with the organization that holds your loan. You must notify the loan servicer when you graduate, withdraw from school, or drop below **half time*** status; change your name, address, or Social Security Number; or transfer to another school.
  - If you borrow a Perkins Loan, either the school that lends you the money will service your loan or an agency the school employs will.
  - If you borrow a Direct Loan, the Direct Loan Servicing Center will service your loan.
  - If you borrow under the FFEL Program, your lender or its servicing agent will service your loan. During your loan counseling session, you'll be given the name of the loan servicer(s).
- Regardless of the type of loan you borrow, you must receive entrance counseling before you're given your first loan disbursement, and you must receive exit counseling before you leave school. Your school will provide the counseling and important information about your loan. Your lender will give you additional information about your loan.

## Rights

You have certain rights as a borrower. Listed below are some of them.

- Before your school makes your first loan disbursement, you'll receive the following information about your loan from your school, lender, and/or the Direct Loan Servicing Center:
  - the full amount of the loan;
  - the interest rate;
  - the date you must start repaying the loan (based on the anticipated graduation date recorded on the **promissory note***);
  - a complete list of any charges you must pay (loan fees) and information on how those charges are collected;
  - information about the yearly and total amounts you can borrow;
  - information about the maximum repayment periods and the minimum repayment amount;
  - an explanation of **default*** and its consequences;
  - an explanation of available options for consolidating or refinancing your loan; and
  - a statement that you can prepay your loan at any time without penalty.

*See "Important Terms," page 33.

- Your school must notify you (or your parents, for a PLUS Loan) in writing whenever it credits your account with Stafford Loan, PLUS Loan, or Perkins Loan funds. This notification must be sent no earlier than 30 days before, and no later than 30 days after, the school credits your account. You (or your parents, for a PLUS Loan) may cancel all or a portion of the loan by informing your school within 14 days after the date your school sends this notice, or by the first day of the payment period, whichever is later. (Your school can tell you the first day of your payment period.) If you or your parents receive loan funds directly by check, the funds may be refused by returning the check.
- Before you leave school, you'll receive the following information about your loan from your school, lender, and/or the Direct Loan Servicing Center:
  - the amount of your total debt (principal and estimated interest), what your interest rate is, and the total interest charges on your loan;
  - if you have FFELs, the name of the lender or agency that holds your loans, where to send your payments, and where to write or call if you have questions;
  - if you have Direct Loans, the address and telephone number of the Direct Loan Servicing Center;
  - an explanation of the fees you might be charged during the repayment period, such as late charges and collection or litigation costs if you're delinquent or in **default;***
  - an explanation of available options for consolidating or refinancing your loan; and a statement that you can prepay your loan without penalty at any time.

If you borrow a Federal Perkins Loan, your school will provide this information to you. If you borrow a Direct Loan or a FFEL, the Direct Loan Servicing Center or your lender will provide this information to you, respectively.

- If you have Direct or FFEL Stafford Loans, your school will also provide the following information during exit counseling:
  - a current description of your loans, including average monthly anticipated payments;
  - a description of applicable deferment, forbearance, and discharge provisions;
  - repayment options;
  - advice about debt management that will help you in making your payments; and
  - notification that you must provide your expected permanent address, the name and address of your expected employer, and any corrections to your school's records concerning your name, Social Security Number, references, and driver's license number (if you have one).
- You have the right to a grace period before your repayment period begins. (Your parents do not receive a grace period for a PLUS Loan.) Your grace period begins when you leave school or drop below **half time*** status.
- Your school, lender, and/or the Direct Loan Servicing Center, as appropriate, must give you a loan repayment schedule that states when your first payment is due, the number and frequency of payments, and the amount of each payment.
- You must be given a summary of deferment and discharge (cancellation) provisions, including the conditions under which the U.S. Department of Defense might repay your loan.
- If you or your parents borrow under the FFEL Program, you (or your parents, for a PLUS Loan) must be notified when the loan is sold if the sale results in making payments to a new lender or agency. Both the old and new lender or agency must provide this notification and provide the identity of the new lender or agency holding the loan, the address to which the borrower must make payments, and the telephone numbers of both the old and new lender or agency.



*See "Important Terms," page 33.

## Loan Deferment Summary

| Deferment Condition | Direct Loans[1,2] | FFELs[1,3] | Perkins Loans |
|---|---|---|---|
| At least half-time study at a postsecondary school | YES | YES | YES |
| Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled | YES | YES | YES |
| Unable to find full-time employment | Up to 3 years | Up to 3 years | Up to 3 years |
| Economic hardship | Up to 3 years[4] | Up to 3 years[4] | Up to 3 years[4] |
| Engages in service listed under discharge/ cancellation conditions (see pages 17 and 24) | NO | NO | YES[5] |

*NOTE: You must formally request a deferment through the procedures established by the holder of your loan, and you must continue making payments until you're notified that the deferment has been granted.*

*[1]For PLUS Loans and unsubsidized student loans, only principal is deferred. Interest continues to accrue.*

*[2]Direct Loan borrowers who have outstanding balances on FFEL Loans disbursed prior to July 1993, might be eligible for additional deferments, provided the outstanding balance on the FFEL existed when the borrower received his or her first Direct Loan.*

*[3]Applies to loans first disbursed on or after July 1, 1993, to borrowers who have no outstanding FFELs or Federal Supplemental Loans for Students (Federal SLS Program) on the date they signed their promissory note. (Note that the Federal SLS Program was repealed beginning with the 1994-1995 award year.) For information on loans disbursed before July 1, 1993, borrowers should contact the lender.*

*[4]Many Peace Corps volunteers will qualify for a deferment based on economic hardship.*

*[5]More information on teaching service deferments can be found on the Internet at **www.studentaid.ed.gov**. At the site, click on "Repaying," then click on "Cancellation and Deferment Options for Teachers."*

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# Keeping Track of Your Student Aid

YOU CAN FIND OUT ABOUT the student aid you've *already received* from the U.S. Department of Education's National Student Loan Data System (NSLDS) Financial Aid Review. NSLDS is the U.S. Department of Education's central database for student aid. It receives data from schools, agencies that guarantee loans, the Direct Loan Program, the Pell Grant Program, and other U.S. Department of Education programs. NSLDS provides an integrated view of federal student aid, tracked from aid approval through closure. Keep in mind that if you apply for federal student aid but haven't yet received it, you won't find your financial aid information through NSLDS.

The NSLDS Web site is available 24 hours a day, seven days a week. (Note that maintenance of the NSLDS database can occur on the weekends or during late hours. This might cause the site to be unavailable for a brief period while the maintenance is performed.)

By using your PIN (see page 7), you can access NSLDS to make inquiries about your loans and/or Pell Grants. The site displays information on loan and/or grant amounts, outstanding balances, the status of your loans, and disbursements. The NSLDS Glossary of Terms contains information on terms relating to loans and grants.

You may access your NSLDS information on the Internet at ***www.studentaid.ed.gov*** At the site, click on "Repaying," then click on "Get Your Loan Information."

# Important Terms

**Academic Year** A period of time schools use to measure a quantity of study. For example, a school's academic year may consist of a fall and spring semester during which a student must complete 24 semester hours. Academic years vary from school to school and even from educational program to educational program at the same school.

**Cost of Attendance (COA)** The total amount it will cost a student to go to school—usually expressed as a yearly figure. It's determined using rules established by law. The COA includes tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care; costs related to a disability; and miscellaneous expenses, including an allowance for the rental or purchase of a personal computer. Also included are reasonable costs for eligible study-abroad programs. For students attending less than **half time,*** the COA includes only tuition and fees and an allowance for books, supplies, transportation, and dependent-care expenses. Talk to the financial aid administrator at the school you're planning to attend if you have any unusual expenses that might affect your cost of attendance.

**Default** Failure to repay a loan according to the terms agreed to when you signed a **promissory note.*** In many cases, default can be avoided by submitting a request for a deferment, forbearance, or cancellation and by providing the required documentation before reaching the point of default. The consequences of default are severe. Your school, the lender or agency that holds your loan, the state, and the federal government may all take action to recover the money, including notifying national credit bureaus of your default. This affects your credit rating for a long time. For example, you might find it very difficult to borrow money from a bank to buy a car or a house. In addition, the U.S. Department of Education might ask the Internal Revenue Service to withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan might ask your employer to deduct payments from your paycheck. Also, you're liable for expenses incurred in collecting the loan. If you decide to return to school, you're not entitled to receive any more federal student aid. Legal action might also be taken against you.

**Eligible Noncitizen** You must be one of the following to receive federal student aid:

- U.S. citizen
- U.S. national (includes natives of American Samoa or Swain's Island)
- U.S. permanent resident who has an I-151, I-551, or I-551C (Alien Registration Receipt Card)

If you're not in one of these categories, you must have an Arrival-Departure Record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing one of the following designations in order to be eligible:

- "Refugee"
- "Asylum Granted"
- "Indefinite Parole" and/or "Humanitarian Parole"
- "Cuban-Haitian Entrant, Status Pending"
- "Conditional Entrant" (valid only if issued before April 1, 1980)

If you have only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464), you aren't eligible for federal student aid.

If you're in the United States on an F1 or F2 student visa only, or on a J1 or J2 exchange visitor visa only, you're not eligible for federal student aid. Also, persons with G series visas (pertaining to international organizations) are not eligible.

NOTE: Citizens and eligible noncitizens may receive loans from the FFEL program at participating foreign schools.

Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are eligible only for Federal Pell Grants, FSEOGs, or Federal Work-Study. These applicants should check with their schools' financial aid offices for more information.

**Eligible Program:** A course of study that leads to a degree or certificate and meets the U.S. Department of Education's requirements for an eligible program. To get federal financial aid, you must be enrolled in an eligible program, with two exceptions:

- If a school has told you that you must take certain coursework to qualify for admission into one of its eligible programs, you can get a Direct Loan or a FFEL for up to 12 consecutive months while you're completing that coursework. You must be enrolled at least **half time,*** and you must meet the usual student aid eligibility requirements.
- If you're enrolled at least **half time*** in a program to obtain a professional credential or certification required by a state for employment as an elementary or secondary school teacher, you can get a Federal Perkins Loan, Federal Work-Study, a Direct or FFEL Stafford Loan, or your parents can get a PLUS Loan, while you're enrolled in that program.

**Financial Aid Package** The total amount of financial aid (federal and nonfederal) a student receives. The financial aid administrator at a postsecondary institution combines various forms of aid into a "package" to help meet a student's need. Using available resources to give each student the best possible package of aid is one of the aid administrator's major responsibilities. Because funds are often limited, a financial aid package might fall short of the amount a student is eligible for. Also, the amount of federal student aid in a financial aid package is affected by other sources of aid received (scholarships, state aid, etc.)

**General Education Development (GED) Certificate** A certificate students receive if they've passed a specific, approved high school equivalency test. Students who don't have a high school diploma but who have a GED may still qualify for federal student aid. A school that admits students without a high school diploma must make available to those students a GED program in the vicinity of the school and must inform the students about the program. An applicant without a high school diploma or its recognized equivalent also can be eligible for funds if he or she (1) passes an independently administered ability to benefit (ATB) test approved by the Department of Education and used for determining the student's ability to benefit from postsecondary education or (2) enrolls in a school that participates in a process that the state in which the school is located has prescribed and the Department has approved.

**Guaranty Agency** The organization that administers the FFEL Program in your state. This agency is the best source of information on FFELs. To find out the name, address, and telephone number of the agency serving your state, you can contact the Federal Student Aid Information Center at the address or phone number listed on page 12. A directory of guaranty agencies is available on the Department of Education's Web site at *www.ed.gov/Programs/bastmp/SGA.htm*

**Half time** At schools measuring progress in credit hours and semesters, trimesters, or quarters, "half time" is at least six semester hours or quarter hours per term. At schools measuring progress by credit hours but not using semesters, trimesters, or quarters, "half time" is at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half time" is at least 12 hours per week. Note that schools may choose to set higher minimums than these.

You must be attending school at least half time to be eligible for a Direct Loan or FFEL. Half time enrollment is *not* a requirement to receive aid from the Federal Pell Grant, FSEOG, Federal Work-Study, or Federal Perkins Loan programs.

**Promissory Note** The binding legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It will include information on how interest is calculated and what the deferment and cancellation provisions are. It's very important to read and save this document because you'll need to refer to it later when you begin repaying your loan.

**Regular Student** One who is enrolled in an institution to obtain a degree or certificate. Generally, to receive aid from the programs discussed in this booklet, you must be a regular student. (For some programs, there are exceptions to this requirement. See the definition of eligible program.)

**Satisfactory Academic Progress** To be eligible to receive federal student aid, you must maintain satisfactory academic progress toward a degree or certificate. You must meet your school's written standard of satisfactory progress. Check with your school to find out about its standard.

**Selective Service Registration** If required by law, you must register, or arrange to register, with the Selective Service to receive federal student aid. The requirement to register applies to males who were born on or after January 1, 1960, are at least 18 years old, and are not currently on active duty in the U.S. Armed Forces. (Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are exempt from registering.)



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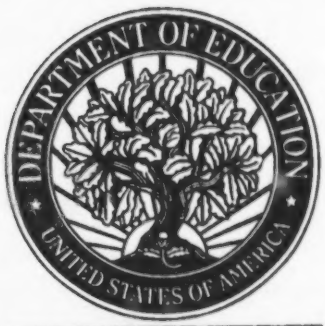
# State Higher Education Agencies

These agencies provide information on state education programs, colleges and universities, student aid assistance programs, grants, scholarships, continuing education programs, career opportunities, and some guaranty agencies. You can search the U.S. Department of Education's database at *www.studentaid.ed.gov* for contact information and Web site addresses. At the site, click on "Funding," then click on "State aid."

You can also contact the agency by calling the telephone number listed below:

| State | Telephone No. |
|---|---|
| Alabama | 1-334-242-1998 |
| Alaska | 1-800-441-2962 |
| Arizona | 1-602-258-2435 |
| Arkansas | 1-800-547-8839 |
| California | 1-888-224-7268 |
| Colorado | 1-303-866-2723 |
| Connecticut | 1-860-947-1833 |
| Delaware | 1-800-292-7935 |
| District of Columbia | 1-202-727-6436 |
| Florida | 1-888-827-2004 |
| Georgia | 1-800-766-6878 |
| Hawaii | 1-808-956-8213 |
| Idaho | 1-208-334-2270 |
| Illinois | 1-800-899-4722 |
| Indiana | 1-317-232-2350 |
| Iowa | 1-800-383-4222 |
| Kansas | 1-785-296-3421 |
| Kentucky | 1-800-928-8926 |
| Louisiana | 1-800-259-5626 |
| Maine | 1-800-228-3734 |
| Maryland | 1-410-260-4565 |
| Massachusetts | 1-617-994-6950 |
| Michigan | 1-877-323-2287 |
| Minnesota | 1-800-657-3866 |
| Mississippi | 1-601-432-6997 |
| Missouri | 1-800-473-6757 |
| Montana | 1-406-444-6597 |
| Nebraska | 1-402-471-0030 |
| Nevada | 1-775-687-9228 |
| New Hampshire | 1-603-271-2555 |
| New Jersey | 1-800-792-8670 |
| New Mexico | 1-800-279-9777 |
| New York | 1-888-697-4372 |
| North Carolina | 1-919-549-8614 |
| North Dakota | 1-701-328-2960 |
| Ohio | 1-888-833-1133 |
| Oklahoma | 1-800-858-1840 |
| Oregon | 1-800-452-8807 |
| Pennsylvania | 1-800-692-7392 |
| Rhode Island | 1-800-922-9855 |
| South Carolina | 1-803-737-2260 |
| South Dakota | 1-605-773-3455 |
| Tennessee | 1-615-741-1346 |
| Texas | 1-877-782-7322 |
| Utah | 1-801-321-7207 |
| Vermont | 1-800-642-3177 |
| Virginia | 1-804-225-2632 |
| Washington | 1-360-753-7800 |
| West Virginia | 1-888-825-5707 |
| Wisconsin | 1-608-267-2206 |
| Wyoming | 1-307-766-2118 |
| American Samoa | 1-684-699-1141 |
| Guam | 1-671-735-2280 |
| Northern Mariana Islands | 1-670-234-6128 |
| Puerto Rico | 1-787-724-7100 |
| Republic of the Marshall Islands | 1-692-625-3394 |
| Republic of Palau | 1-680-488-1464 |
| Virgin Islands | 1-340-774-4546 |




FEDERAL
STUDENT AID

*We Help Put America Through School*

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*Educational Resources Information Center (ERIC)*

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